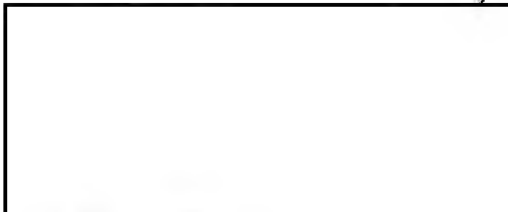


161-148/10

28 March 1960



25X1

Dear John:

Many thanks for your note of March 15 with its most interesting enclosure. We have been giving the matter some study here and will be talking also with the State Department.

I should be most interested if your projected visit abroad works out.

Sincerely,

Allen W. Dulles
Director

AWD/ji
1 - DCI

1 - ER w/basic✓
(copy of basic: DD/P and DD/I) *per*

MORI/CDF Pages
3-5

(EXECUTIVE REGISTRY FILE)

MEMORANDUM FOR: The Record

Copies of the attached have been sent to
DD/P and DD/I.

BLP
29 March 1960
(DATE)

FORM NO. 101 REPLACES FORM 10-101
1 AUG 54 WHICH MAY BE USED.

(47)

25X1

March 15, 1960

CONFIDENTIAL

Mr. Allen W. Dulles
Main Post Office
Box 1513
Washington 13, D.C.

Dear Mr. Dulles:

I am enclosing a memorandum of a conversation with my Polish friend about whom I have spoken to you before. The information is probably not new to you but was to me, and I thought very interesting.

He is very much worried that there may have been a failure on our part to make the decision to go ahead with certain exploratory talks, which would be highly embarrassing to them in view of the expected arrival of the Polish Deputy Prime Minister for Economic Affairs in Washington on March 23rd.

25X1

I mentioned this to [redacted] when I saw him on Saturday and hence am sending a copy of this letter and the enclosure to him.

Sincerely yours,

25X1

JRjr:de
Enclosure
cc [redacted]

25X1

25X1

March 12, 1960

CONFIDENTIAL

MEMORANDUM:

In the course of a conversation at lunch in Washington today, X provided the following information:

At the meeting of Soviet block leaders in Moscow in February, a very serious, prolonged and concerted attack was made by the Russians (and others?) on Gomulka's policy with respect to relations with the United States. Gomulka defended the policy most vigorously, and in the face of great pressure stood his ground. The Russians finally gave in, conceding Gomulka, in effect, the right to continue his American policy.

In X's opinion, this attack by the Russians strengthened significantly Gomulka's personal predilection, previously rather shaky, in favor of Warsaw's post-1956 policy towards the U.S.

The results of this Soviet concession, made definitively in the last week of February, include the following, as X sees it:

(a) For the first time since Gomulka achieved power in 1956, there is now no significant Party group in Warsaw which is openly critical of, or is actively opposing, the positive development of Polish relations with the U.S.;

(b) An official "green light" has been given by the top Polish Party leadership to the further development of relations with the U.S. "across the board".

(c) The other satellite Parties long critical or at least wary of the Polish concept of relations with the U.S., have been impressed by the Polish "victory" (as the Poles view it). For the first time in X's experience, the other satellite diplomats have in the past few weeks shown an active interest in learning what the Poles are doing here, and in how they do it.

(d) Gomulka has always thought it important to secure from the U.S. modification or elimination of the "dollar clause" in the PL480 agreements pursuant to which the unused Zloty fund is convertible to a dollar debt, beginning about 1962. He has always been opposed on this by some

MEMORANDUM:

(2)

March 12, 1960

who think it undesirable to have to cooperate with the U.S. over the years in spending the PL480 Zloty fund in Poland. Now, the decision has been made by Gomulka to go ahead and press the U.S. for the change--and to accept the necessity of cooperating with the U.S. in spending the mounting Zloty funds in Poland.

At this propitious moment, as X sees it, a most unfortunate hitch has developed in Polish-American relations. The Polish Government thought they had the informal but firm assurance of the State Department that, as soon as agreement was reached on the amount of the claims settlement, discussions would begin on a broad range of problems, including technical assistance for industry, various types of special equipment assistance, a two or three year program of agricultural assistance, modification or elimination of the "dollar clause" in the PL480 agreements, etc. To the surprise of the Poles, State has not yet been willing to initiate these discussions although the required agreement on claims was reached some weeks ago. X is very concerned about this, especially since Jaraszewicz (?), Deputy Prime Minister for Economic Affairs, is due to arrive in Washington on March 23rd ready to start high level discussions on all of these matters. In X's opinion, it would be "dangerous" (he doesn't use such words lightly) if Gomulka, after the big struggle in Moscow, were suddenly faced with an extremely embarrassing reluctance of the U.S. to discuss anything prior to the actual signing of the claims agreements (negotiations on this, in X's view, are going very well, incidentally). As X sees it, Warsaw would look on this as a serious breach of good faith on the part of the U.S.--and an altogether unnecessary one in his view, since all that is needed is to begin the discussions--not to complete them.